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IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for the Idaho Conservation League

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE)	
APPLICATION OF PACIFICORP DBA)	CASE NO. PAC-E-14-08
ROCKY MOUNTAIN POWER FOR)	
AUTHORITY TO MAKE REVISIONS)	IDAHO CONSERVATION LEAGUE
TO ITS ELECTRIC SERVICE)	
SCHEDULE 155, AGRICULTURAL)	COMMENTS
ENERGY SERVICES)	

The Idaho Conservation League (ICL) recommends the Commission approve Rocky Mountain Power's (RMP) application, subject to some minor changes described below. Overall, RMP's request is a commendable effort to refine the non-residential efficiency programs. ICL appreciates and supports RMP's effort to expand participation and improve energy savings by streamlining programs, revising incentive levels, adding important new programs, and targeting the notoriously hard to reach small commercial class. The proposed changes will help close the gap between the "cost-effective" and "achievable" levels of energy efficiency potential, which demonstrates RMP is following this Commission's direct to pursue all cost-effective energy efficiency. Finally, RMP's application addresses Order 32890 where the Commission directed RMP to "increase its efforts towards achieving higher levels of cost-effective DSM." *Order No. 32890* at 12.

The American Council for an Energy-Efficient Economy (ACEEE) recently surveyed the best performing efficiency programs around the country.¹ This report identified key trends emerging in well-run utility efficiency programs, including: targeting customer sub-segments, adapting core programs to changing markets and standards, streamlining customer communications, and providing “one-stop shopping” for customers. *ACEEE* at 8 – 9. RMP’s proposed changes reflect these key trends and build upon proven successes in other states. At the most basic level, combining the existing separate programs into a single wattsmart Business program will assist customer understanding and should reduce RMP’s administrative burdens. The Commission should commend RMP for applying best practices from leading programs.

RMP’s application and testimony set forth five categories of changes. The remainder of these comments addresses each category and recommends the Commission adopt RMP’s proposals subject to some small changes.

Consolidate Non-Residential Efficiency Programs into the Wattsmart Business Program

As noted above, ICL supports this change because it will improve customer understanding and likely reduce RMP’s administrative costs. ICL supports providing customers with a single point of contact within RMP, enabling a seamless transition between program offerings, and allowing customers with different accounts to use one program. *Hymas Direct* at 3. However, ICL opposes RMP’s proposal to discontinue the New Construction Design Assistance, Design Honorarium, and Design Incentive programs. *Id* at 5. Low program participation is not a reason to disband a program, assuming it is cost-effective. ICL recommends the Commission allow RMP to continue to offer these programs in the combined wattsmart Business portfolio.

¹ S. Nowack et. al. , *Leaders of the Pack: ACEEE’s Third National Review of Exemplary Energy Efficiency Programs*, June 2013. (available at: <http://www.aceee.org/research-report/u132>).

RMP also proposes a more flexible approach to describing program offerings, participation criteria, and incentives. *Hymas Direct* at 10 – 11. ICL supports, in general, balancing clarity and consistency for customers with an efficient way for RMP to adapt program offerings. Allowing utilities to provide details outside of a Commission approved tariff does provide more flexibility to RMP. ICL submits the typical customer likely doesn't delve deeply into utility tariffs, so providing information through websites and other communications is likely more effective. ICL's concern is that RMP's proposed procedure to make program changes does not allow for public involvement until late in the process. Exhibit 3 shows a flow chart for proposing, reviewing, and approving program details not included in the tariffs *Hymas Direct, Exhibit 3*. ICL proposes the Commission modify RMP's proposal slightly to allow for stakeholders to review and comment on proposed changes at the same time as Commission Staff. This need not be a formal comment process before the Commission; rather an informal comment opportunity provided by the Company is sufficient.

Update Incentive Levels for Some Measures or Programs

ICL supports the proposal to raise the funding cap to 70% of project costs, increase the incentive levels, and allow projects to combine prescriptive and custom incentives. *Id.* Increasing incentives and allowing these to cover more of the total project costs will clearly be more attractive to customers. Combining prescriptive and custom incentives should enable deeper energy savings in a single project. ICL supports these changes because they reflect a best practice seen by ACEEE-adjusting program offering to adapt to changing markets. While RMP states that increasing incentive levels results in a preliminary Utility Cost Test result below 1.0, ICL agrees with RMP's explanation that current modeling may not capture all the energy benefits. *Id.* at 17. These changes pass the Total Resource Cost Test with a score of 2.53. *Id. Exhibit 2, Page 10*. ICL recommends the Commission approve these changes.

Offer Energy Management Services

ICL strongly supports RMP's proposal to compliment "capital-based" projects with a new offering for Energy Management services. *Hymas Direct* at 8. One problem with traditional capital, or widget-based, programs is uncertainty of maintaining energy savings through the assumed useful life of the measure. An Energy Management offering can help address this problem by establishing the labor and processes to ensure buildings and processes continue to operate efficiently. In this way, the offering leverages other capital-based programs and can help ensure Idahoans get the energy savings they are paying for. Anecdotally ICL has heard Simplot energy managers describe their efforts to unlock greater savings from both better operations and changing employee behaviors. ICL notes that RMP's proposal will result in measurable changes to energy use, which allows the Commission and others to ensure this is a cost-effective offering. *Id* at 9.

ICL acknowledges RMP's initial assessment shows the Energy Management Offering has a Total Resource Cost result below 1.0. *Hymas Direct, Exhibit 2* at 10. However, RMP notes this result can be attributed to uncertainty regarding the customer implementation costs. *Hymas Direct* at 17. From the utility perspective, the offering is cost effective with a Utility Cost Test result of 1.01. *Id, Exhibit 2* at 10. ICL submits this offering is a prime example when considering the portfolio level results in most informative. As stated above, Energy Management is could leverage additional savings from capital based projects. Overall, the wattsmart Business portfolio passes the four main cost effectiveness tests. *Id*. Moreover, the Energy Management offering will provide measurable results allowing the Commission and others to ensure the actual program performance is cost effective.

ICL also supports the RMP's proposal to co-fund an onsite energy manager for qualifying customers. *Hymas Direct* at 6 – 8. Assisting businesses with the expertise and labor necessary to

operate an effective energy management program is an important way to increase customer participation and energy savings. RMP's proposal includes important cost containment provisions that ICL believes are necessary to ensure an effective, equitable program. Specifically, RMP proposes to limit the incentive to the lesser of the customer's actual pay and overhead, or the prescriptive incentive level. RMP also proposes to require customers to meet specific energy saving goals or repay the incentives. Combined, these features should ensure the program results in incentives paid for verified energy savings. Assuming the savings goals are set to deliver benefits that exceed the costs, this will ensure a cost-effective program. Lastly, ICL notes that RMP assumes no additional energy savings will result from an onsite energy manager. This is a highly conservative estimate, as merely having someone focused on energy will almost certainly result in savings from simple things like turning off lights, or addressing malfunctioning equipment. Because Energy Management will leverage traditional capital-based programs, and requires the labor and knowledge to save energy, ICL recommends the Commission approve RMP's proposal.

Update Prescriptive Incentives

The ACEEE report emphasized that a key trend in the best performing utility programs is a continual effort to adjust programs to meet changing market conditions. *ACEEE* at 9. Overall, ICL supports RMP's proposals described in Exhibit 5, although we do not have the technical capacity to review each change in detail. To the extent the proposed changes reflect deemed savings from the Regional Technical Forum or adopted codes and standards, ICL submits these are appropriate. ICL specifically supports a few changes: grouping LED bulbs into a single category, as this should reduce program overhead and increase customer clarity; changing lighting control incentives to address the watts covered instead of sensors installed; and removing screw-in CFLs. *Hymas Direct, Exhibit 5* at 1 – 2. However, ICL is concerned that RMP changed

the baseline for fluorescent lighting retrofits. *Hymas Direct* at 12. RMP explains this change is due to updated federal lighting standards. ICL supports updating programs to reflect changing codes. However, the key question is about timing. Updating the baseline should depend on the lighting installed in RMP's Idaho service territory, rather than a change in the standard. ICL recommends the Commission require RMP to document their Idaho business customers have actually converted from T12 to more efficient lights.

Small Business Offering

ICL strongly supports RMP's proposal to offer a new program targeting small businesses. This category is notoriously hard to reach due to the diversity, tight cash flows, and relatively low savings per project. ICL reviewed RMP's 2013 Efficiency Potential Study and confirms, as a group, small businesses provide a huge potential to increase energy savings. The ACEEE report found that several of the examples RMP sites are the best performing small business programs in the country. *ACEEE* at 11. RMP's proposal reflects many of the best practices including providing a lighting tool with detailed results, using approved contractors already working in the areas, and addressing the capital and cash flow needs. *Hymas Direct, Exhibit 6* at 3. While ICL strongly supports RMP's proposal, we submit the Company should include additional measures beyond lighting, specifically measures to address office equipment as well as heating and cooling needs. This program will connect businesses with energy saving contractors and once this relationship begins, RMP should encourage both parties to wring the maximum amount of savings from each interaction. ICL recommends the Commission approve this program and encourage RMP to expand the offered measures.

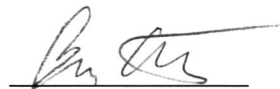
Conclusion

ICL commends RMP for proposing important changes to their non-residential programs. These changes demonstrate that a thoughtful, engaged utility can take actions to really pursue all

cost effective energy efficiency. RMP's proposals, overall, reflect best practices of leading programs around the country. ICL recommends the following:

- Approve the consolidation of non-residential programs into wattsmart Business
- Allow a flexible tariff provided that stakeholders may comment on changes in the same manner and timing as Commission Staff
- Approve the Energy Management Offering including the co-funding of an onsite energy manager
- Approve updated prescriptive incentives based on revised RTF savings and changes in codes and standards actually reflected in RMP's Idaho service territory
- Approve the Small Business Offering and encourage RMP to add additional measures beyond lighting

Respectfully submitted this 16th day of October, 2014,



Benjamin J. Otto
Idaho Conservation League

CERTIFICATE OF SERVICE

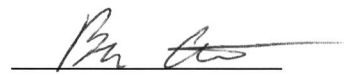
I certify that on the 16nd day of October, 2014, I delivered true and correct copies of the foregoing COMMENTS to the following persons via the method noted:

Hand delivery:

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